

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-65911; File No. SR-EDGA-2011-40)

December 8, 2011

Self-Regulatory Organizations; EDGA Exchange, Inc.; Notice of Filing of Proposed Rule Change to Amend EDGA Rule 11.9

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on December 2, 2011, the EDGA Exchange, Inc. (“Exchange” or “EDGA”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend certain existing routing options contained in Rule 11.9 to provide Users³ with more flexible routing options. The text of the proposed rule change is available on the Exchange’s website at www.directedge.com, at the Exchange’s principal office and at the Public Reference Room of the Commission.

II. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ As defined in Rule 1.5(cc).

in Item IV below. The self-regulatory organization has prepared summaries, set forth in Sections A, B and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange’s current list of routing options are codified in Rule 11.9(b)(3). In this filing, the Exchange proposes to amend several routing options contained in Rule 11.9(b)(3) to allow Users more discretion if shares remain unexecuted after routing. In particular, Rule 11.9(b)(3) is proposed to be amended to provide that Users may elect that any remainder of an order be posted to the EDGX Exchange, Inc. (“EDGX”) for any of the routing options listed in the rule, except those in paragraphs (a) and (n)-(q)⁴.

Currently, Rule 11.9(b)(3)(d) provides that the INET routing strategy checks the System for available shares and then is sent to Nasdaq. If shares remain unexecuted after routing, they are posted on the Nasdaq book. The Exchange proposes to modify this language to subject this posting to Nasdaq to a User instruction as proposed in the introductory paragraph of Rule 11.9(b)(3). This User instruction would thus enable the remainder to post to EDGX instead of Nasdaq.

Currently, Rule 11.9(b)(3)(j) provides that the ROLF routing strategy checks the System for available shares and then is sent to LavaFlow ECN. The Exchange proposes to modify this strategy to state that any remainder will be posted to LavaFlow ECN, unless otherwise instructed

⁴ Routing options listed in Rules 11.9(b)(3)(a) and (n)-(q) are not altered as a result of this amendment. The routing option in Rule 11.9(b)(3)(a) already posts to EDGX and no amendment to the rule is needed as no discretion is provided to the User. The routing options in Rules 11.9(b)(3)(n)-(q) do not have the option to post the remainder of an order to EDGX.

by the User. This User instruction would thus enable the User to direct the remainder to post to EDGX instead of LavaFlow ECN.

Rule 11.9(b)(3)(m) provides that the IOCT routing option checks the System for available shares and then is sent sequentially to destinations on the System routing table. If shares remain unexecuted after routing, they are sent as an immediate or cancel (IOC)⁵ order to EDGX. If shares further remain unexecuted, they are posted on the EDGA Book, unless otherwise instructed by the User. The Exchange proposes to modify this strategy to delete the phrase “sent as an IOC order” since a Day Order⁶ or an IOC order could be sent to EDGX. This change would thus enable the User to direct the remainder to post to EDGX instead of EDGA.

The Exchange also proposes to amend Rule 11.9(b)(3)(a), which currently states that any shares that remain unexecuted after routing are posted to “the EDGX Exchange book”, to eliminate the word “Exchange”. In light of the routing options modifications proposed herein, paragraph 11.9(b)(3) would also be modified to define EDGX at the outset and state that except for the routing options provided in paragraphs (a) and (n)-(q), Users can post any remainder of an order to EDGX. Accordingly, the reference to the word “Exchange” in Rule 11.9(b)(3)(a) would be redundant.

The Exchange believes the proposed modification of the routing options described above will provide market participants with greater flexibility in routing orders without having to develop their own complicated routing strategies. In addition, the varied routing options allow Users to take primary advantage of EDGA’s low cost fee structure to remove liquidity on EDGA and if applicable, other destinations. Yet, the User retains the option of posting the remainder of the order to EDGX.

⁵ As defined in Rule 11.5(b)(1).

⁶ As defined in Rule 11.5(b)(2).

Assuming the Commission approves the proposed rule change, the Exchange will notify its Members in an information circular of the exact implementation date(s) of this rule change, which will be no later than March 31, 2012.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b)(5) of the Act,⁷ which requires the rules of an exchange to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest. The proposed change to introduce the routing options described above will provide market participants with greater flexibility in routing orders without having to develop their own order routing strategies. In addition, it will provide additional clarity and specificity to the Exchange's rulebook regarding routing strategies and will further enhance transparency with respect to Exchange routing offerings. Finally, the varied routing options allow Users to take primary advantage of EDGA's low cost fee structure to remove liquidity on EDGA and if applicable, other destinations. Yet, the User retains the option of posting the remainder of the order to EDGX.

B. Self-Regulatory Organization's Statement on Burden on Competition

The proposed rule change does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

⁷ 15 U.S.C. 78f(b)(5).

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any unsolicited written comments from members or other interested parties.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- (a) by order approve or disapprove the proposed rule change, or
- (b) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form <http://www.sec.gov/rules/sro.shtml>; or
- Send an e-mail to rule-comments@sec.gov. Please include File No. SR-EDGA-2011-40 on the subject line.

Paper comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-EDGA-2011-40. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room on official business days between 10:00 a.m. and 3:00 p.m. Copies of the filing will also be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make

available publicly. All submissions should refer to File Number SR-EDGA-2011-40 and should be submitted on or before [insert date 21 days from the date of publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁸

Kevin M. O'Neill
Deputy Secretary

⁸ 17 CFR 200.30-3(a)(12).